

# Inside & Out

FEBRUARY 1990

COMPAQ NEWS

VOLUME 8, ISSUE 2

## Compaq reports increased sales and earnings

Compaq sales for fiscal year 1989 reached \$2.9 billion, up 39 percent from 1988 sales of \$2.1 billion. Net income for the year ended Dec. 31, 1989, was \$333 million, or \$7.76 per share on a fully diluted basis. Earnings grew 31 percent compared with net income of \$255 million, or \$6.27 per share on a fully diluted basis, in 1988.

For the fourth quarter of 1989, Compaq reported sales of \$788 million, an 18 percent increase over the \$668 million reported in the same period of 1988. Net income for the quarter was \$79 million, or \$1.84 per share, compared to income of \$92 million or \$2.18 per share in 1988, a decrease of 14 percent.

President Rod Canion noted "In 1989, the U.S. PC market experienced a slowing growth rate. However, significant new products combined with strong growth in the European and international sales of our products made 1989 a good year for Compaq.

"The company's European and international sales grew 62 percent in 1989 over 1988 and exceeded \$1 billion in annual revenue for the first time," Canion continued. "This significant increase in sales moved Compaq to the number two market share position in the European business PC market, according to Paris-based market researcher IEE Dataquest. Our North American revenues

increased by 24 percent in 1989 over 1988, reinforcing our number two market share position in business PCs.

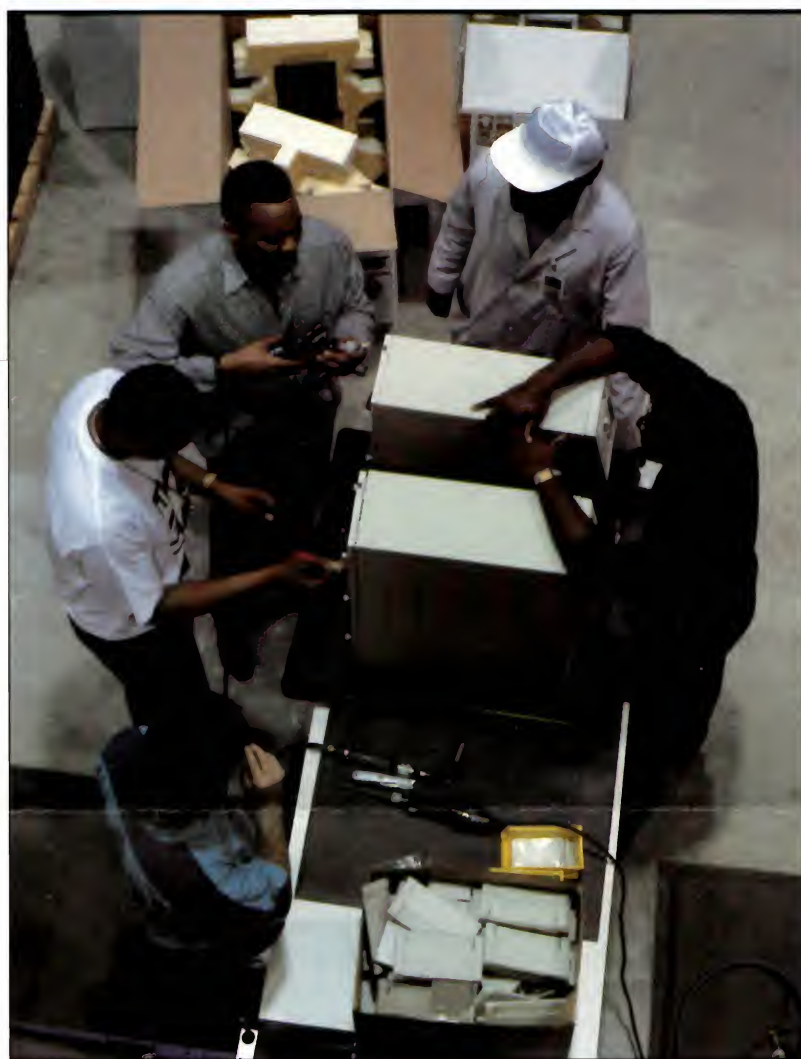
"The small decline in net income in the fourth quarter reflects the slowing growth rate of the PC market, coupled with an increased level of expenditures related to our entry into the PC systems market with the SYSTEMPRO product line," said Canion. "We expect this slower market growth to continue in 1990."

Compaq sales outside North America contributed 46 percent of the company's 1989 revenue. To support growing international sales, Compaq subsidiaries were opened in Norway and Denmark in 1989. Compaq also entered the South American market by authorizing sales of COMPAQ products through Authorized Dealers in Chile, Venezuela and Colombia.

During the year, the company also began the second-phase expansion of its manufacturing facility in Erskine, Scotland, purchased the former Wang Laboratories facility in nearby Stirling, Scotland, and began construction on a new facility for its manufacturing operations in Singapore.

Among products successfully introduced in 1989 were the COMPAQ DESKPRO 286e, the COMPAQ DESKPRO 386/33, the COMPAQ LTE/286 and COMPAQ LTE notebook-sized laptops and the COMPAQ SYSTEMPRO and COMPAQ DESKPRO 486/25.

## COMPAQ SYSTEMPRO



With each shipment of COMPAQ SYSTEMPRO from CCM6 in Houston into the marketplace, positive response to the new product seems to grow. See story, Page 6.

## Canion given FNN award for decade



Rod Canion

Cable television's Financial News Network (FNN) has named Compaq President and Chief Executive Officer (CEO) Rod Canion one of its five "Masters of the Decade" for the 1980s.

FNN chose Canion its top CEO for leading Compaq "from \$100 million in sales to \$1 billion in only six years — faster than any other start-up in history. Canion also pushed Compaq onto the Fortune 500 list in record-breaking time."

Viewed in more than 32 million homes, FNN also chose Peter Lynch its top money manager for his work with Fidelity's Magellan Fund. Lynch has built the mutual fund into the U.S.'s largest and, over the last decade, most productive.

Donald Trump was FNN's top entrepreneur for the '80s. Operator of a small real estate firm at the start of the decade, Trump built a business empire that now includes hotel/casino facilities and an air shuttle service.

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# Compaq takes a stand on many environmental issues

**E**nvironmental sensitivity is a Compaq tradition, but for the past few years, the company has taken an even more active role in preserving our environment.

Past efforts to save energy were made by many corporations — including Compaq — to save money. But, as the environment and its endangerment become increasingly pressing global issues, Compaq has gone to great lengths to minimize the company's impact.

"We took a fresh look at energy conservation," says Ron Perkins, Manager, Facilities Systems Development. "This shift in perspective helps Compaq deal with environmental issues differently than other companies. We have taken a proactive approach in minimizing the impact of our growth upon the environment."

In its efforts to help reduce the "greenhouse effect," the global warming believed to be caused by the world's industrial processes, automobile usage and individual energy consumption, Compaq has found that it can help preserve the environment, as well as save money.

"A nice surprise is that environmental and energy issues are interrelated, so solving one problem often has a positive impact on others," Perkins explains.

One example, he says, is the light fixtures in CCA7 and 8 on the main campus in Houston, which are 100 percent more energy efficient than those in other Compaq Houston buildings. This not only saves money for the company, but also cuts down on the by-products released from burning fossil fuel to produce electricity. Such gases, which may contribute to the "greenhouse effect," are significantly reduced when energy consumption is minimized. These energy-efficient light fixtures, or similar ones, will be used in all new Compaq buildings.

"It is the best-kept secret in industry that a dramatic positive impact can be made toward improving our environment without large increases in cost," Perkins says. "If we place environmental issues high on our list of goals along with cost, cycle time and quality, the answers to these issues can be built in up front at little or no increased first cost."

According to Walt Rosenberg, Corporate Manager of Environmental Affairs, minimization of waste — both hazardous and non-hazardous — is one of the company's most important goals for the 1990s.

Perkins says that he feels it is up to industry and each individual to make changes that will help lower the negative impact of the world's societies on the environment.



*Although his title at Compaq is Manager, Material Resources, Michael Jackson sees himself more as a "tree hugger."*

"There's no doubt humans are making a negative impact on earth," he says. "We can't keep borrowing resources from our grandchildren to keep our present standard of living. Through education and awareness of the cumulative effects of our day-to-day actions on our local and global environment, we can take personal responsibility for the quality of our environment and provide a sustainable operating strategy for our successors."

Many groups within Compaq — including Manufacturing, Facilities and Loss Prevention — are working to develop and implement programs to minimize the company's impact on the environment.

Michael Jackson, Manager, Material Resources, is working with Perkins on many environmental issues including energy efficiency, water management, solid waste reduction, wildlife preservation and tree and vegetation preservation.

"We're asking all Compaq employees to help us in our efforts," he says. "There are so many ways to contribute."

The environment, what Compaq is doing to help preserve it, and how employees can help will be explored in future issues of *Inside & Out*.

## Conservation tips

**T**he following list is a sampling from the book, "The Greenhouse Crisis: 101 Ways to Save the Earth." While Compaq strives to meet all suggestions the book makes, there are many that individuals can follow at home.

**1) When purchasing a home, check its energy efficiency.** Find out how energy-efficient the home is by getting an energy audit and examining past utility bills.

**2) Unless you have a fire going, keep your fireplace damper closed.** According to government tests, an open damper can let up to 8 percent of your home's heating escape through the chimney.

**3) Substitute compact fluorescent lighting for traditional bulbs whenever you can.** Making this simple switch can keep a half-ton of carbon dioxide out of the atmosphere over the useful life of one bulb.

**4) Whenever possible, use cold water rather than hot water for your kitchen tasks.** Using cold water for rinsing dishes, using the food disposal and other kitchen tasks will save the energy it takes to heat the water.

**5) When doing laundry, don't use excessive amounts of detergent.** Too many suds makes your washing machine work harder and consume more energy.

**6) Instead of baths, take showers of five minutes or less.** It takes about 30 gallons of water to fill the average bath tub. But a five-minute

shower — with a three-gallon-a-minute flow — uses only about 15 gallons. Over the course of a year, this could save thousands of gallons of hot water.

**7) Contact your local community recycling center and start separating recyclable waste into appropriate categories.** You can find out about recycling programs in your community by calling the recycling center nearest you or your local environmental organization. Separate your waste material into five basic groups: newspaper, other paper, glass, aluminum and organic wastes such as food.

**8) When buying a car, buy the most fuel-efficient one you can.** Aim for 35 mpg, and don't buy a bigger car than you need. One of the most important steps you can take to use less fuel — and therefore emit fewer gases that endanger the environment — is to buy a fuel-efficient car. Purchase cars that get around 35 mpg. Keep in mind that heavier cars use up to 50 percent more fuel than lighter models.

**9) Buy recycled — or recyclable — products which are sensibly packaged.** Recyclable products include steel, paper, rubber, aluminum and glass. Non-recyclable products, like Styrofoam and plastics, are a major source of solid and toxic waste.

**10) Use as little water possible when washing your car.** Car washing wastes a lot of water. Don't wash your car more than is necessary.

## Correction

**I**n last month's issue of *Inside & Out*, Mary Lee Brown's name was inadvertently omitted from the list of members of the Compaq National Cor-

porate Challenge team, which brought home the third-place trophy. Brown placed third in the women's 5K run with a time of 19:44. We regret the error.



## Insider trading cases highlight need for restraint

Many people have heard of Ivan Boesky, the Wall Street stockbroker who was convicted of insider trading and sentenced to three years in prison. Fewer people know about the A&P executive secretary and her husband who were accused by the U.S. Securities and Exchange Commission (SEC) of using confidential information about a proposed tender offer to make a profit in the stock market. They agreed to pay their profits of \$16,250 to the SEC and to pay a penalty of \$10,000.

If the SEC has its way, we're going to hear more stories like the one about the A&P secretary. The commission has recently announced that it will seriously investigate suspected insider trading and prosecute these cases to the fullest extent.

It's easy to think there's no harm in buying or selling a few shares of stock based on information learned during the course of company employment. But that's not the case. According to Bill

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***"Trading on insider information is a form of theft. Such traders are 'stealing' information that rightfully belongs to the company."***

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Fargo, Compaq Senior Vice President, Secretary and General Counsel, people who trade securities based on information they have from their jobs knowingly harm other investors — those who buy or sell that stock.

"The laws have been developed to protect every investor," explains Fargo. "Trading on insider information is a form of theft. Such traders are 'stealing' information that rightfully belongs to the company."

### Harmful practices

All investors have a duty to abstain from trading in stock if they are aware of "material non-public" information about a company. Information is "material" if an investor would consider it important in deciding whether to buy or sell the stock, or if it would affect the stock price.

Disclosure of insider trading in company stock could cause companies such as Compaq to announce information they are not ready to release.

Premature communication of such information could break a deal in the works or even aid a company's competitors. So an individual who trades illegally could harm coworkers as well as the company.

### Compaq policy

There are a number of benefits to being employed by a publicly held company. The Compaq stock option program offers employees the opportunity to share in the company's growth. In addition to their options, many employees invest in Compaq stock through the U.S. and Canadian investment plans.

Because of the importance that Compaq attaches to following the law and avoiding the appearance of illegal practices, the company expects each employee to follow Compaq policy and obey applicable laws in transactions involving Compaq securities.

In December, Compaq amended its Conflicts of Interest Policy to respond to the growing public concern about insider trading and to discourage its employees from speculating in Compaq securities. The amended policy not only prohibits

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***"The laws have been developed to protect every investor..."***

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employees from engaging in illegal insider trading, it extends the rule against trading in options such as "puts" and "calls" to all Compaq employees. Only officers had been subject to this restriction previously.

Compaq discourages its employees from speculating in Compaq securities.

Frequent trades in and out of Compaq stock to take advantage of fluctuations in the market are considered speculation. "Speculating in Compaq stock is not part of the company's culture," noted Rod Canion, Chief Executive Officer and President, at a recent employee meeting in Houston.

To ensure that your trading is free of any impropriety, avoid switching money into or out of Compaq stock during the period in which you know material

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***"Speculating in Compaq stock is not part of the company's culture..."***

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non-public information about Compaq, and for two days after that information becomes public.

### Violations

The company may not be able to help employees who violate company policy against insider trading. It may be forced to take appropriate action to enforce its policy and to assist the authorities in upholding the law.

"The SEC likes to prosecute people who have profited from insider trading within organizations," explains Fargo. "Such cases serve as examples to anyone who may be considering the same thing." Penalties and fines for insider trading can be steep and may include a prison sentence.

According to Fargo, "We don't want these kinds of issues to arise at Compaq, so we encourage each employee to abide by Compaq policy against insider trading."

## Canion given FNN award

*continued from page 1*

FNN's top marketer, John Sculley, was cited for reviving two companies — Pepsi and Apple — in the same decade.

Elliot Wave theorist Robert Prechter was named FNN's top "guru." Prechter is credited with accurate business predictions, including his call of the 1987 stock

market collapse.

"Each of these individuals is a leading innovator who has changed the world's perception of his field," said Eve Krzyzanowski, an FNN vice president. "They have more than earned the reputation of masters."

FNN announced the awards Dec. 22.

## Compaq offers employees new alternatives

Compaq offers all its employees the opportunity to be company stockholders through a program in which each employee automatically receives a certain number of stock options upon employment. Now, Compaq has entered into an arrangement that makes it a bit easier — and potentially less expensive — for employees to exercise those options.

Although Compaq does not make any purchase or sales recommendations, Glenda Hartmann, Manager of Shareholder Services, explains that the new program was initiated because many employees

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***"... Compaq has arranged with the Bank of San Francisco to assist employees in exercising their options. ..."***

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have been frustrated by the variety of high fees and finance charges they are assessed when exercising their options through brokerage houses and banks. Costs vary substantially from one brokerage to another.

To make the process of exercising options more accessible for employees, Hartmann notes, Compaq has arranged with the Bank of San Francisco to assist employees in exercising their options. The bank is also prepared to make stock loans of up to 50 percent of the value of the stock.

"Participation in this program is entirely optional," she stresses. "Employees can still go through their stock brokers or use their own money to exercise their options. We are advising employees of this plan as an alternative method of obtaining financing for their stock option transactions."

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***"Participation in this program is entirely optional."***

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Through this program with the Bank of San Francisco, Compaq employees simply place a phone call or send a fax to execute an "exercise/hold" or "exercise/sell" order. Shareholder Services coordinates all the paperwork.

For more information on the Bank of San Francisco program, contact Shareholder Services, at (713) 374-6211 or 374-6824, or your local stock option administrator.

## Company increases memory without raising prices

Compaq has increased standard memory two to four times on new models of some 386-based personal computers without increasing prices.

Effective Jan. 16, standard memory configuration of the COMPAQ DESKPRO 386s was increased from one to two megabytes, the COMPAQ DESKPRO 386/20e from one to four megabytes and the COMPAQ DESKPRO 386/33 from two to four megabytes.

Compaq North America President

Mike Swavely said, "This higher level of standard system memory complements the higher performance delivered by these products in a variety of operating environments such as OS/2 and UNIX, and in the DOS environment utilizing Windows and DESQview. Customer applications that will benefit from this larger system memory include personal productivity applications, CAD/CAE, network servers, desktop publishing and general business applications."

The new models, Swavely said, will "better serve our customer's current and anticipated future needs."

In addition to the memory increases, suggested resale price of the COMPAQ DESKPRO 386/25 Model 84 was reduced from \$8,499 to \$7,999.

The company also announced a price reduction on the 2400-Baud Modem for COMPAQ PC systems and COMPAQ DESKPRO products, from \$599 to \$399.



# Happy Birthday! Compaq

1982



The debut of the first COMPAQ Portable personal computer brought the entire company workforce out to celebrate.

1983



1984



1986



Compaq reported it would open a facility in Singapore to manufacture printed circuit boards.

To support the growing European demand for personal computers, Compaq announced its plans for a manufacturing facility in Scotland, right.

1987



## A Compaq

**1982** Compaq Computer Corporation founded by Rod Canion, Bill Murto and Jim Harris.

COMPAQ Portable Computer introduced in November.

**1983** First COMPAQ Portable shipped. COMPAQ PLUS introduced and shipped.

Initial Public Offering raised \$67 million.

More than 53,000 portable PCs shipped through U.S. and Canada. 615 employees

**1984** Reported first-year sales of \$111.2 million, a U.S. business record.

Subsidiaries opened in U.K., Germany and France.

Introduced and shipped COMPAQ DESKPRO.

More than 149,000 personal computers shipped.

1,300 employees.

**1985** Reported second-year sales of \$329 million, an industry record.

Introduced and shipped COMPAQ DESKPRO 286 and COMPAQ PORTABLE 286.

Wholly owned subsidiaries opened in Australia and Canada.

Securities began trading on New York Stock Exchange.

1,860 employees.

**1986** Reported third-year sales greater than \$503 million.

COMPAQ PORTABLE II and COMPAQ DESKPRO 386 introduced and shipped.

Compaq joined the Fortune 500 faster than any other company in history.

Wholly owned subsidiary opened in Italy.

Opened a printed circuit board assembly facility in Singapore.

Announced plans for first European manufacturing facility in Scotland.

More than 234,000 personal computers shipped.

2,200 employees worldwide.

**1987** Reported fourth-year sales of \$625 million.

Wholly owned subsidiaries opened in The Netherlands, Spain and Sweden.

Manufacturing facility opened in Scotland.



# Compaq celebrates eighth year

A meteoric first-year growth rate didn't keep Compaq employees in Houston from celebrating Oktoberfest with style.

Below, the first Compaq advertising campaign highlighted the pie shop meeting that produced the basic design for the COMPAQ Portable.



1985



When the Pointer Sisters said, "They're so exciting," they were singing the praises of the COMPAQ DESKPRO 286 and the COMPAQ PORTABLE 286.

1988



At a major press conference in September, Compaq and eight other personal computer companies pledged support for the development of Extended Industry Standard Architecture (EISA).

1989



From portable to portable: Compaq Senior Vice President of Engineering Jim Harris demonstrates how far Compaq has advanced in its eight years of manufacturing portable personal computer products.

## time-line

COMPAQ PORTABLE III, COMPAQ PORTABLE 386 and COMPAQ DESKPRO 386/20 introduced and shipped.  
Worldwide employment neared 4,000.

**1988** Reported fifth-year sales of \$1.2 billion, the fastest company to reach that mark.

Wholly owned subsidiaries opened in Switzerland and Belgium.

COMPAQ DESKPRO 386/25, COMPAQ DESKPRO 386s, COMPAQ DESKPRO 386/20e introduced and shipped.

Compaq and 60 other manufacturers of personal computers, software and peripherals announced support for Extended Industry Standard Architecture (EISA).

COMPAQ SLT/286 laptop computer introduced and shipped.

Employment reached 6,000.

**1989** Reported sixth-year sales of \$2.1 billion.

COMPAQ personal computers became available in Chile, Colombia and Venezuela.

Wholly owned subsidiaries opened in Norway and Denmark.

Plans to expand Scotland manufacturing facility announced, through expansion of existing facility and purchase of former Wang Laboratories facility.

Compaq becomes the second largest supplier of business personal computers in Europe.

COMPAQ ADVANCED GRAPHICS 1024 BOARD and COMPAQ ADVANCED GRAPHICS COLOR MONITOR, COMPAQ DESKPRO 286e, COMPAQ DESKPRO 386/33,

MS-DOS Version 4.01 and MS OS/2 Standard Version 1.1 as published by Compaq introduced and shipped.

COMPAQ LTE/286 and COMPAQ LTE Personal Computers, COMPAQ SYSEMPRO Personal Computer System, COMPAQ DESKPRO 486/25, COMPAQ LAN MANAGER 386/486 and MS OS/2 Standard Version 1.2 as published by Compaq introduced.

Worldwide employment approximately 9,000.



# Honors keep rolling in for company, products

Awards and honors continue to mount for Compaq and its products. *BYTE Magazine* has bestowed its highest award, the BYTE Award of Excellence, upon Compaq for "leadership in developing the EISA standard."

According to the magazine, "BYTE's editors have voted EISA an Award of Excellence in part because of its direct descent from the generic PC AT bus, the so-called Industry Standard Architecture. As a result, users can install cards designed for ISA machines now, while waiting for fast EISA cards to appear. Contrast this to IBM's MicroChannel Architecture (MCA), whose cards are non-compatible with ISA cards and, due to their small form factor, have the reputation of being difficult to manufacture."

EISA was also singled out because, while both the standard architecture and MCA can perform full 32-bit transfers and configure themselves automatically, the EISA

bus can perform simultaneous functions and has a faster maximum burst transfer rate. Also, the magazine continues, EISA boards offer almost twice as much surface area as the MCA cards, peripherals such as on-the-card hard disks, relay boards and intelligent I/O boards with a large amount of RAM, and are simpler and less expensive to implement.

"Lastly, EISA is another crack in Big Blue's hold on the user and will enable the proliferation of AT clones with no holds barred," the magazine concludes.

Other *BYTE Magazine* honorees include the 32-bit Quickdraw from Apple Computer, the 80486 microprocessor from Intel, NetWare 386 from Novell, Quattro Pro from Borland International and the SmartLabel Printer by Seiko Instruments U.S.A. among others.

The following is a list of other U.S. awards honoring Compaq made to date.

COMPAQ DESKPRO 386/25	World Class Award Top Desktop Computer <i>PC World</i>
COMPAQ PORTABLE 386	World Class Award Top Transportable Computer <i>PC World</i>
COMPAQ DESKPRO 386/20c	Editor's Pick <i>HOME OFFICE COMPUTER MAGAZINE</i>
COMPAQ DESKPRO 386/33	Most Significant New Personal Computer Product of 1989 Readers' Choice <i>Varbusiness Magazine</i>
COMPAQ SLT/286	World Class Award Top Laptop Computer <i>PC World</i>
COMPAQ LTE/286	Best of Comdex — Fall 1989 Best Hardware Award <i>BYTEWEEK MAGAZINE</i>
COMPAQ LTE, LTE/286	Product of the Year (One of 11 products) <i>FORTUNE MAGAZINE</i>
COMPAQ LTE	Best of 1989 New Products <i>BusinessWeek Magazine</i>
COMPAQ LTE/286	A Most Valuable Product 1989 <i>PC/COMPUTING MAGAZINE</i>
Rod Canion	Masters of the Decade Awards CEO of the Decade Financial News Network.

# COMPAQ SYSTEMPRO Powerful product; powerful reviews

Reviews of the COMPAQ SYSTEMPRO by independent industry publications have praised the new product's exceptional performance.

On Page 1 of its Dec. 18 issue, *PC Week* says the new system, "with its supercharged features, sets a new standard for high-performance, 33MHz 386 LAN servers."

*PC Week* said its tests "showed minimal performance degradation when a Novell Inc. NetWare Ethernet LAN with a SYSTEMPRO server was enlarged from a single station to 30 workstations.

"The same tests were run on a similar 30-station LAN using an IBM Model 80 server at the University of California at Los Angeles," the review continued. "In these tests, performance was severely degraded when 30 workstations were running."

*PC Week* also noted that another test with "a 250-workstation network connected to a SYSTEMPRO server ran applications twice as fast as a network half that size connected to an IBM PS/2 server.

"These results show that Compaq, with the introduction of re-designed disk and bus subsystems, has successfully overcome the two major bottlenecks of server performance."

The *PC Week* article described the company's Intelligent Drive Array (IDA), a new style of disk controller designed for high-powered LANs, as the new system's "real star."

*PC Week* noted, "The IDA was effective even for a very large volume of disk reads and writes, and for large file sizes. Typically, these have been areas where traditional disk controllers and drives have lagged."

In its Dec. 18 issue, *INFOWORLD* said COMPAQ SYSTEMPRO worked "much faster than conventional machines as a file server, showing particular improvements as the size of the network and the network traffic increased."

*INFOWORLD* called the new system "one of the most unusual and innovative machines we've seen, with multiprocessing capabilities, an EISA bus for input/output devices and a new drive-array technology."

In its Nov. 13 issue, *MIS Week* called COMPAQ SYSTEMPRO "a harbinger of things to come in the micro world."

Columnist William Zachmann, writing for *PC Week's* Nov. 20 issue, described the SYSTEMPRO as the company's "first major step in going from a personal computer vendor to becoming a computer vendor in the fullest sense."

He explained that the new system represents the company's "first foray into the world of more powerful, more capable systems, which was previously inhabited only by traditional mainframes and minicomputers. With the introduction, Compaq joins the ranks of other companies building more powerful systems from microprocessor and related components."

Zachmann concluded, "I remember visiting Digital Equipment Corp. in 1970 when DEC was still a relatively small vendor, well behind the original mainframe companies. Even then, I knew that the company was destined for a bigger role in the industry..."

"The road ahead may indeed be a rocky and treacherous one. Nevertheless, I am struck by a remarkable sense of déjà vu in looking at Compaq today and recalling DEC as it stood at the threshold of the 1970s. My very strong hunch is that Compaq is on the way to becoming one of the top computer companies in the world during the 1990s, much as DEC did during the 1970s and '80s."

# Compaq groups target safety

The 48 employees of the Compaq Houston Distribution department in CCM5 celebrated an anniversary last month. January marked the department's third consecutive year with no lost workdays due to injuries on the job.

Richard Beavers, Manager of Distribution and Traffic Operations, attributes the record to the department's dedication to safety.

"We hold monthly safety meetings with all department employees," he explains. "We constantly impress upon everyone that safety is a number one priority, even in the crunch times."

This three-year record is particularly impressive for a distribution facility, since such facilities can be hazardous places in which to work. Forklift traffic is heavy and employees must constantly employ proper lifting techniques to avoid back problems.

Compaq U.S. employees as a whole have cause for pride as well. For the year ended Dec. 31, 1989, total recorded cases (injuries that require medical treatment) and lost workday cases were at an all-time low (see chart). Lost workday cases were reduced by 63 percent for 1989, while total recordable cases were down by 37 percent. This performance is remarkable considering the rapid growth of the company during this time.

In particular, PCB Manufacturing Operations in Houston, housed in CCM3 and 4, reported significant reductions in accident rates. The rate of accidents resulting in missed work days declined by 54 percent from year-earlier figures.

Employees in these areas have helped achieve these improvements by taking ownership of safety issues. They conduct regular safety meetings and tours, and include safety topics in their Total Quality Commitment (TQC) meetings. As a result, safety concerns are

*continued on page 8*



# international FOCUS



## Compaq Switzerland rises to the occasion

Throughout the world, the name Switzerland connotes quality. This tradition is especially strong in the Swiss computer market, where PC users demand high quality products with top performance and reliability. Compaq products would appear to be tailor-made for the Swiss market.

In the conservative Swiss business world, change comes slowly. So the tremendous growth rate Compaq achieved in this market is quite unusual and confirms the match between Swiss traditions and Compaq quality.

Compaq personal computers were first sold in Switzerland in 1984, through a network of 20 Authorized Dealers. Support and guidance were provided by Compaq through its European headquarters in Munich.

From the beginning, Compaq was a roaring success. Sales grew rapidly. And Compaq Computer AG, the company's Swiss subsidiary, was established in March of 1988.

### Race for market share

By the end of its first year of operations, Compaq Computer AG had grown from a five-employee company to a 20-employee operation. And by 1989, the number of employees had doubled again.

The subsidiary's growth paralleled the strengthening of the company's position in the Swiss PC market. In its first year, Compaq Switzerland grabbed 5.6 percent of the Swiss market. By the end of 1989, Compaq climbed to the number 3 position with 9.5 percent of personal computer sales.

### Compaq western party

To celebrate its success, Compaq Switzerland harkened back to the company's Texas roots. On July 26, 1989, a "gang" of Compaq Switzerland employees and their family members donned hats, boots, jeans, plaid shirts and — in some cases — even chaps, spurs and a six-shooter to attend a Compaq western party. Costumes ranged from cowboy and saloon girl garb to the "traditional" attire of Indian squaws and chiefs.

The get-together was held at the Hegetschwiler Horse Ranch in Unterlunkhofen, a 14-acre spread (that's big for Switzerland), outside of Zurich.

Festivities began with a hayride through the grounds and along the shores of the Reuss River. Meanwhile back at the ranch, a country and western music band called Steaks and Beans tuned up. Compaq employees and their guests observed a demonstration of quarter horse riding, a Hegetschwiler Ranch specialty, before heading to the barn for dinner.

Dinner featured barbecue beef with



The Compaq Switzerland hot-air balloon stands out in the crowd.

hot sauce — an unusual delicacy for Swiss people, who are more accustomed to a steady diet of cheese, potatoes and heavy cream sauces.

Fortified by the hearty food, Compaq employees challenged one another to "Western Skills" contests. The Compaq spirit of competition was very much in evidence in events such as horseshoe tossing, lassoing a wooden steer, knife throwing and rifle shooting.

The young 'uns (the Swiss call them "kinder") went to bed soon after sundown, while older cowboys and Indians toasted the winners of the Western Skills contests and danced to songs about lonely alpine cowboys far into the night.

### Above the Alps

Compaq Switzerland's success has come to be symbolized by a hot air balloon sponsored by the subsidiary. The huge balloon, with a capacity of 4,000 cubic meters, is a familiar site on the alpine horizon. Pilot Hans-Peter Holliger is active in hot-air ballooning competitions, and has won awards at events held in Austria, Germany and Switzerland the past three years.

At the First Annual Swiss Hot Air Balloon Festival held last October, more than 150 balloons from Europe and America participated. The event was held in Winterthur, Switzerland, under perfect autumn conditions. During the two-day festival, more than 25,000 spectators witnessed Compaq flying high above the crowd, reflecting the company's position in the competitive Swiss PC market.

### COUNTRY PROFILE

Country:	Switzerland
Population:	6.7 million
Major Cities:	Zurich, Basel, Geneva, Bern, Lausanne, Luzern
Official Languages:	German, French, Italian, Romansch

### SUBSIDIARY PROFILE

Name:	Compaq Computer AG
Head Office:	Schaffhauserstrasse 134 8152 Glatthbrugg Zurich Switzerland 011-411-828-6111
Established:	1988
Number of employees:	40
Number of dealers:	55



Pilot Hans-Peter Holliger makes sure that the balloon will perform perfectly.





Jerry Morales of the Compaq Houston Distribution facility demonstrates the correct bent-kneed posture to use when lifting heavy objects.

## Compaq groups target safety

*continued from page 6*

resolved immediately by the people closest to the problem.

A Compaq first occurred Jan. 16, when about 800 employees from CPU Operations gathered at Metropolitan Baptist Church in Houston to discuss safety issues and goals for 1990.

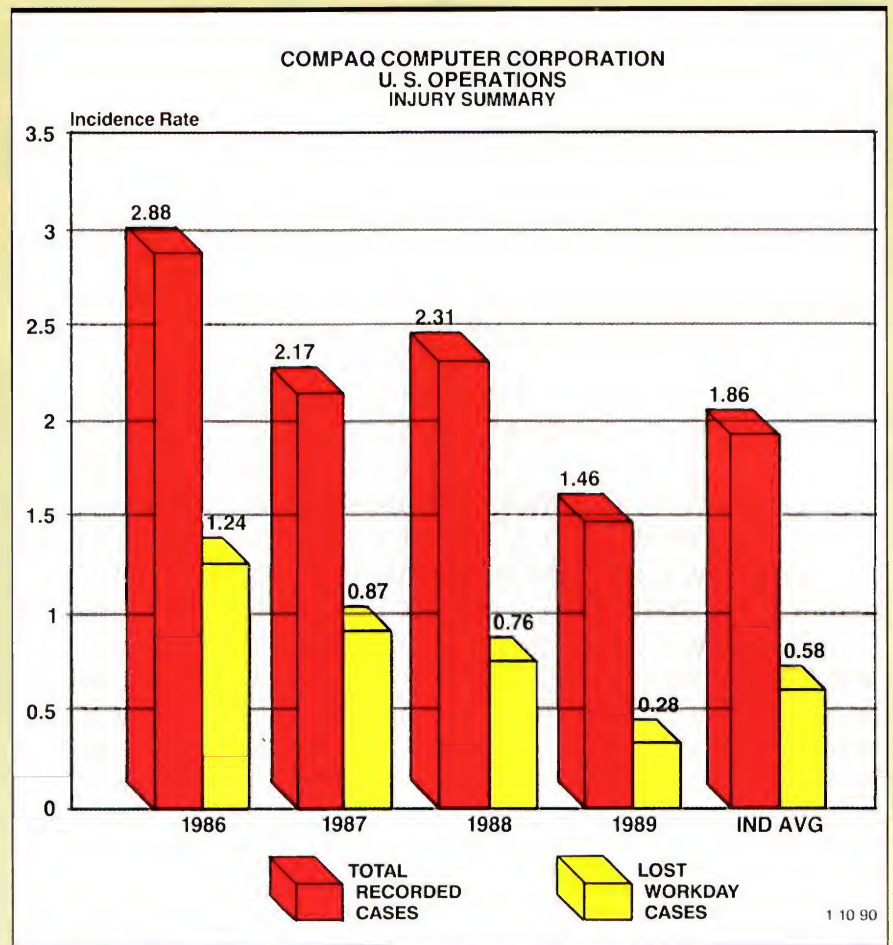
In CPU Operations (housed in CCM1, 2 and 6) injuries and recorded incidents have declined substantially over the past few years. At the January safety meeting, employees were congratulated on their safety achievements, and challenged to improve in the year to come.

To help achieve CPU Operations safety goals, a Systems Safety Committee was organized in June of 1989 to monitor and implement safety activities. More recently, the Systems Safety Committee and the Employee Safety Committee instituted a variety of new programs for 1990, designed to increase employee awareness of personal safety.

In closing the presentation, Greg Petsch, Vice President of Manufacturing, CPU Operations, asked each employee to "accept the challenge" to get involved in the safety process in the 1990s, in order to make Compaq the safest possible workplace.

According to Jonathon Myers, Manager of Corporate Safety, the safety improvements in these departments and company-wide can be traced to a variety of sources.

"Beginning in late 1988, we've had Site Loss Prevention Representatives and Site Safety Managers stationed in each manufacturing and administrative area providing technical support to managers, supervisors and employees," he says. "Together with our ongoing training programs, the cumulative efforts of everyone have helped Compaq achieve significant improvements."



The success of various company-wide safety activities can be seen in the significant decline in 1989 injuries.

## WINTER WONDERLAND



The last time Houston residents actually saw snow stick to their own yards and streets was in 1982. A few days before Christmas in 1989, a blast of Arctic air brought two inches of snow to the Houston area. Tempera-

tures hovered around 4 degrees F. with windchill factors below 0 degrees F. The average temperature for Houston during December and January is 52 degrees F. Along with the snow came ice, causing treacherous driving for

many residents, especially those who rarely drive under slick conditions. Many Compaq Houston employees stayed safely in their homes that day, while some braved the ice to enjoy the winter wonderland.

**COMPAQ**